

THE WASTEBASKET



ITEM: Money (Losing) Train

BACKGROUND:

Created in 1970, Amtrak offers rail service throughout the continental United States. Although it was intended to be self-sufficient, Amtrak has accumulated more than \$20 billion in operating losses over its 32-year history. During that same period American taxpayers have provided Amtrak nearly \$25 billion.

SITUATION:

One of the reasons behind Amtrak's fiscal difficulties is its continued operation of several routes that regularly lose hundreds of dollars each time a passenger steps aboard. Below are the routes with the largest losses per passenger (in 2001):

Sunset Limited	-\$347
Pennsylvania	-\$292
Texas Eagle	-\$258
Three Rivers	-\$245
Southwest Chief	-\$237
Kentucky Cardinal	-\$212

For several of these trains, it would literally be cheaper for Amtrak to buy each passenger a plane ticket to the next destination.

ACTION:

A provision in the transportation spending bill passed by House of Representatives would limit taxpayer subsidy of Amtrak's long-distance routes. As a result, Amtrak would likely have to revise its route structure to focus on areas with strong passenger demand and reasonable operating costs.

POTENTIAL SAVINGS: Amtrak could save roughly \$30 million in the first year of operating a revised route structure. The majority of the savings would result from avoided capital costs. In the future, annual savings could more than double due to increased operating savings.

FACT: In 2001, Amtrak intercity trains reported on time arrival for only 62 percent of trips.

MORE INFORMATION: Remarks outlining the Bush Administration's proposal for Amtrak were given by the Honorable Norman Y. Mineta, Secretary of Transportation, before the U.S. Chamber of Commerce on June 20, 2002. A copy of the remarks can be viewed at: <http://amtrak.com/press/te20020620009.html>.

See also February 7, 2002 Amtrak Reform Council report, "An Action Plan for the Restructuring and Rationalization of the National Intercity Rail Passenger System." A copy of the report can be viewed at: <http://www.amtrakreformcouncil.gov/report/finalplan.pdf>.

In addition, see Sec. Mineta's remarks on the rail reform agreements included in the first phase of the financial assistance package announced on June 28, 2002. A copy of the remarks can be viewed at: <http://www.dot.gov/affairs/062802sp.htm>.